

Exhibit 5

SCHIFFRIN BARROWAY
TOPAZ & KESSLER, LLP
Eric L. Zagar (250519)
Robin Winchester
Tara P. Kao
280 King of Prussia Road
Radnor, PA 19087
Telephone: (610) 667-7706
Facsimile: (610) 667-7056
ezagar@sbtclaw.com
rwinchester@sbtclaw.com
tkao@sbtclaw.com

COUGHLIN STOIA
GELLER RUDMAN & ROBBINS LLP
Travis E. Downs III (148274)
Kathleen Herkenhoff (168562)
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: (619) 231-1058
Facsimile: (619) 231-7423
travisd@csgrr.com
kathyh@csgrr.com

Lead Counsel for Plaintiffs

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IN RE RAMBUS INC. DERIVATIVE
LITIGATION,

CASE NO.: C-06-3513 JF

STIPULATION OF SETTLEMENT

This Document Relates To:

All Actions.

1 Current Rambus Stockholder, shall be deemed to have, and by operation of the Judgment shall have,
2 fully, finally, and forever settled and released, any and all Released Claims, known or unknown,
3 suspected or unsuspected, contingent or noncontingent, whether or not concealed or hidden, which
4 now exist, or heretofore have existed upon any theory of law or equity now existing or coming into
5 existence in the future, including, but not limited to, conduct which is negligent, intentional, with or
6 without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or
7 existence of such different or additional facts. The Settling Parties acknowledge, and the Current
8 Rambus Stockholders shall be deemed by operation of the Judgment to have acknowledged, that the
9 foregoing waiver was separately bargained for and is a key element of the settlement of which this
10 release is a part.

11 **2. Settlement of the Actions**

12 2.1 The Settling Parties acknowledge and agree that the filing, pendency, and prosecution
13 of the Actions were material causal factors in causing the Company to adopt or to agree to adopt
14 certain changes to its internal controls and stock option granting practices as set forth below. The
15 Settling Parties further acknowledge and agree that these changes confer a substantial benefit on the
16 Company and that the settlement of the Actions on the terms set forth herein is in the best interests of
17 the Company and its shareholders.

18 2.2 Rambus has made, or agreed to make, the following changes (outlined in Sections 2.3
19 through 2.5 herein) to its corporate governance practices, policies and procedures. For no less than
20 three (3) years from the Effective Date, Rambus will not reduce the level of corporate governance
21 protections implemented pursuant to the changes outlined in Sections 2.3 and 2.5.

22 2.3 The Rambus Board of Directors has implemented a number of changes to improve the
23 Compensation Committee's oversight, including adoption of the Compensation Committee Charter
24 (attached hereto as Exhibit E). The Compensation Committee Charter was amended to, among other
25 things, more clearly delineate the Compensation Committee's authority to issue stock options and
26 grant the Compensation Committee authority to administer the Company's equity compensation
27 programs. Specifically, the Compensation Committee shall, among other things:

1 i. annually review and approve Chief Executive Officer (“CEO”) and other executive
2 officers’ compensation in the context of their performance, which includes reviewing and approving
3 their annual base salary, annual incentive bonus, including the specific goals, targets, and amounts,
4 equity compensation, employment agreements, severance arrangements, and change in control
5 agreements/provisions, and any other benefits, compensation or arrangements;

6 ii. administer Rambus’ stock option and equity incentive plans pursuant to the terms
7 of such plans and the authority delegated by the Board. In its administration of the plans, the
8 Compensation Committee may grant stock options, stock appreciation rights, restricted stock,
9 restricted stock units or other equity compensation to individuals eligible for such grants and amend
10 such awards following their grant;

11 iii. adopt, amend and oversee the administration of employee benefits programs;

12 iv. review external surveys to establish appropriate ranges of compensation; and

13 v. retain and terminate any compensation consultant to assist in the evaluation of CEO
14 or executive officer or director compensation, and approve the consultant’s fees and other terms of
15 service, as well as obtain advice and assistance from internal or external legal, accounting or other
16 advisors.

17 2.4 The Board adopted stock ownership guidelines for executive officers and members of
18 the Board (attached hereto as Exhibit G). Under these guidelines, Rambus executive officers will be
19 expected to accumulate and hold an equivalent value of Rambus Common Stock that is equal or
20 greater than 2 times to 5 times of their annual base salary, and to maintain this minimum amount
21 throughout their tenure as an executive officer. The CEO will be expected to accumulate and hold an
22 equivalent value of 5 times his/her annual base salary, all other Section 16 executive officers will be
23 expected to accumulate and hold an equivalent value of 3 times their annual base salaries, and all
24 other executives will be expected to accumulate and hold an equivalent value of 2 times their annual
25 base salaries. All executive officers have five years to achieve this accumulated value requirement
26 from January 1, 2007, or the date that the executive officer assumes his or her position, whichever is
27 later. Each independent director of Rambus is required to accumulate and hold an equivalent value of
28

1 Rambus common stock (or qualifying equity holdings) equal to 2 times her or his annual retainer, and
2 to maintain this minimum amount of stock ownership throughout her or his tenure on the Board of
3 Directors. Rambus will publicly disclose, on an annual basis for at least the next three years, whether
4 the executive officers and directors meet the ownership guidelines.

5 2.5 A. Rambus implemented new policies and procedures regarding the approvals
6 required for stock option grants so that stock option grants (including new-hire, annual
7 performance-based and special grants, such as upon receiving a promotion) will require:

8 i. the approval of the Compensation Committee with respect to officers of the
9 level of vice president and above; and

10 ii. below the vice president level, for new hire and regular annual awards specific
11 award determinations are made by the Chief Executive Officer and Vice President of Human
12 Resources within ranges established by the Compensation Committee, with review by the Chief
13 Financial Officer.

14 B. Rambus established policies designed to regularize the granting and vesting
15 schedules of Company stock options, including creating generally applicable policies for the
16 commencement of vesting dates. Specifically, new hire grants for all employees, including
17 executives are to be made on the first trading day of the month following their date of hire. The
18 annual performance equity grant date for all employees will be awarded and priced on the first trading
19 day in February of each year.

20 C. Rambus added improved internal controls to verify key elements of its policy
21 and process compliance. These improvements include additional review and back-up audit
22 requirements for both pre- and post-grant administration. Rambus hired a new VP of Finance, with
23 experience in public accounting as well as in senior accounting roles in a public company, who
24 oversees all of our accounting functions. Rambus hired two Assistant Corporate Controllers; one to
25 oversee revenue recognition and financial systems and the other to oversee external reporting.
26 Rambus also hired a General Ledger and Consolidations Manager. In addition, all finance,
27
28

1 accounting and stock administration staff are required to attend training in various areas of U.S.
2 generally accepted accounting principles.

3 **3. Settlement Procedure**

4 3.1 Promptly after execution of the Stipulation, the Settling Parties shall submit the
5 Stipulation and its Exhibits to the Court and apply for the Preliminary Order substantially in the form
6 of Exhibit A hereto: (a) preliminarily approving the Settlement; and (b) approving the form and
7 manner of notice of the Settlement and directing that Rambus shall (i) cause a copy of the Notice to
8 be issued in a national newswire, such as Business Wire; (ii) file with the Securities and Exchange
9 Commission a Form 8-K attaching a copy of the Notice; (iii) post the Notice and the Stipulation on
10 the Company's website. All costs of notifying Rambus' stockholders of the Settlement, including the
11 publication of the Notice, will be paid by Rambus. If additional notice is required by the Court, the
12 cost and administration of such additional notice will be borne by Rambus.

13 3.2 The Settling Parties will request that after notice is provided, the Court hold the
14 Settlement Hearing and approve the Settlement of the Actions as set forth herein and enter a Final
15 Judgment substantially in the form attached hereto as Exhibit C: (a) approving the terms of the
16 Settlement as fair, reasonable and adequate, including the payment of attorneys' fees and expenses in
17 the amount negotiated by the Settling Parties; (b) dismissing with prejudice all claims released
18 against any of the Released Persons (as defined herein); (c) ordering that Rambus be substituted as
19 the Plaintiff in the Action against Non-Settling Defendant Ed Larsen *nunc pro tunc* and that all claims
20 possessed by Rambus are preserved and may be pursued by Rambus in the Action or in other actions;
21 and (d) ordering that the right to assert claims derivatively on behalf of Rambus against Non-Settling
22 Defendant Ed Larsen held by Plaintiffs or any other Current Rambus Stockholder shall be irrevocably
23 assigned to Rambus.

24 3.6 The *Francl* Action shall be consolidated with the Action for settlement purposes only.
25 If the Settlement is not approved by the Court, the *Francl* Action will remain a separate case and not
26 consolidated with the Action for any purpose.

27 **4. Releases**